

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301

Indianapolis, IN 46204

(317) 233-0696

<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7780

BILL NUMBER: SB 478

NOTE PREPARED: Jan 10, 2007

BILL AMENDED:

SUBJECT: Availability of deposited funds.

FIRST AUTHOR: Sen. Paul

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**
 X **DEDICATED**
 FEDERAL

IMPACT: State

Summary of Legislation: The bill requires the Department of Financial Institutions to regulate the period in which depository financial institutions must make funds available to a depositor. It voids insufficient funds charges and overdraft charges that are incurred because the depository financial institution fails to make deposited funds available as required by law.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: The bill will add costs to the Department of Financial Institutions (DFI) to enforce a prohibition of charges for overdrafts established under the bill and to collect information from depository financial institutions and report on holding periods. Also, the bill allows the DFI to adopt temporary rules and establish the period for any class of transaction involving depository financial institutions.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Background: On November 7, 2006, the DFI had 2 vacant positions with a total salary of \$107,800. The DFI

was appropriated \$7.4 M in dedicated funds for FY 2007.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Financial Institutions.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106.